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26 January 1956

CURRENT INTELLIGENCE WEEKLY SUMMARY



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THE WEEK IN BRIEF

PART I

OF IMMEDIATE INTEREST

USSR APPLIES NEW PRESSURE

TO NORTHERN TIER STATES Page 1

The USSR is bringing new diplomatic pressure to bear on Turkey and Iran, key states in the northern tier-Baghdad pact grouping. These moves follow Soviet offers of arms and economic assistance to the Arab states, which apparently were a decisive factor in halting, at least temporarily, further extension of the Baghdad pact. The USSR is now trying to deal a frontal blow, crippling the pact in spirit if not in body. [REDACTED]

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ARAB-ISRAELI SITUATION Page 3

Border incidents continue on the Israeli-Egyptian frontier. Israel reports it used "heavy artillery" in countering alleged Egyptian attacks on border patrols in the El Auja area. New truce arrangements for the El Auja zone, the possibility that Syria will release Israel military prisoners, and Israel's apparently continuing reassessment of its internal and external position account for the relatively static conditions prevailing at present. [REDACTED]

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MOLLET WILL ATTEMPT

TO FORM FRENCH GOVERNMENT Page 4

If French Socialist leader Guy Mollet succeeds in forming a Republican Front government, it will probably be with Communist backing. The Communists will then be able to claim that a popular front has actually been achieved. Right-center leaders (Faure-Pinay) have indicated a willingness to tolerate a Republican Front government, but they still demand that the Republican Front disclaim acceptance of Communist support as a prerequisite to their support. [REDACTED]

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PART II

NOTES AND COMMENTS

Soviet Bloc Activity in Africa: The Soviet bloc's effort to expand its economic and diplomatic influence in Africa is continuing. There are reports of new Soviet moves in Libya, Liberia, the Belgian Congo, the Sudan and possibly Morocco. [] . . Page 1 25X1

Warsaw Pact Nations Meet: What is believed to be the first session of the political committee of the Warsaw pact since its creation last May is scheduled to convene in Prague on 27 January. It will probably enroll East Germany as a full military partner and discuss long-range planning for Soviet bloc defense production. [] . . . Page 2 25X1

High-Level Chinese Delegation Tours Soviet Bloc: The high-level Chinese delegation headed by Vice Premier Marshal Chu Te touring the Satellites has been enthusiastically received, particularly in Prague and Budapest. American observers report that the Chinese are receiving more attention than comparable Soviet delegations. In general, the Satellites' treatment of the Chinese suggests they are following the Soviet line laid down last February that the Communist camp is headed jointly by the USSR and Communist China. [] . . Page 2 25X1

Soviet Forces in Germany in Winter Training: Soviet forces in Germany are conducting a normal winter training program after completing the annual fall rotation of incoming recruits and outgoing discharges in December. The rotation did not affect Soviet ground strength in Germany which remains at about 400,000. [] Page 3

Khrushchev's "New Lands" Speech: Khrushchev's recent criticisms of the shortcomings of the "new lands" development program do not indicate there will be major modifications of that program. Most of his criticisms were standard complaints directed at perennial deficiencies and bureaucratic mismanagement in Soviet agriculture. [] . . Page 4 25X1

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Japanese-Soviet Negotiations: Top Japanese government and party officials have discounted persistent Tokyo rumors that Japan will compromise on the territorial issue in order to reach a settlement with the USSR. Despite strong popular support for a firm Japanese position, however, Tokyo is likely to compromise rather than let the talks fail.

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N. Korea, N. Vietnam, Outer Mongolia Move for Recognition:

There have been an increasing number of Sino-Soviet bloc overtures in the last month aimed at obtaining diplomatic recognition of North Korea, North Vietnam and Outer Mongolia. So far, the recognition of Outer Mongolia by India and North Vietnam by Indonesia are the only instances of recognition of these countries by non-Orbit countries.

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Peiping Accelerates Socialization: Communist China

is moving far more rapidly than scheduled in early 1955 toward complete socialization of industry, commerce, and agriculture. The accelerated drive may add temporarily to China's economic problems, and arouse widespread disaffection, but government controls over the population are believed adequate to enforce the program.

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Page 7

Madame Sun Yat-sen's "Goodwill" Tour: Peiping has

made Madame Sun Yat-sen's visits to India and Burma the occasion for reviving the concept of a high-level conference of all Pacific powers. Madame Sun Yat-sen's failure to comment on Indian-Pakistani relations and her acceptance of Pakistan's invitation for a visit demonstrate that the Chinese Communists apparently will not allow past strong Communist criticisms of Pakistan to interfere with their policy of courting that country and other SEATO powers.

Page 8 25X1

Indonesia: The moderate Masjumi party, which leads the present Indonesian cabinet, has managed thus far to keep the government in office, but its chairman, Natsir, faces an attempt, apparently backed by President Sukarno and the Nahdlatul Ulama (NU), to deprive him of party leadership. His probable successor, Sukiman, would be less likely to resist the extreme brand of nationalism increasingly practiced by President Sukarno and the National Party and supported by the Communists.

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The Bombay Riots: New Delhi intervened for the first time on 23 January to bring to an end the week-old rioting in Bombay and some other cities over India's most critical domestic political problem--the linguistic states issue. The rioting will probably die down in the near future and be followed by political negotiations. This might eventually lead to a decision not to divide Bombay.

Page 10

North Africa:

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In Morocco, the nationalists continue to express a desire for discussions with American officials concerning US air bases.

Page 12

Cyprus: Governor Harding returned to Cyprus on 25 January, following several days of discussions in London, for talks with Archbishop Makarios. Harding will tell Makarios that London is willing to modify "objectionable language" in its formula for a settlement, if the archbishop will agree to denounce terrorism and co-operate in establishing self-government. The British seem confident, however, they can stamp out terrorism whether Makarios agrees to co-operate or not.

Page 13

Monnet Marshaling Support for EURATOM Proposals: The 33 political and trade union leaders who attended the inaugural meeting of Jean Monnet's Action Committee for a United States of Europe in Paris on 17 and 18 January agreed to support parliamentary resolutions which would pave the way for the EURATOM (European atomic agency) plan. The conference made a promising initial attack on the current political obstacles facing the European integration movement.

Page 13 25X1

Antitax Movements on Poujade Model in Italy and Greece:

The Poujade antitax movement's success in the French National Assembly elections of 2 January has encouraged the formation of similar organizations in Italy and Greece, and may lead to a new extreme rightist movement in West Germany. While the initiative seems in no case to have come from Poujade, reports of existing or projected contacts between him and surviving elements of the prewar extreme right suggest that efforts may be made to foster and manipulate Poujadism in their interest.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****26 January 1956****PART III****PATTERNS AND PERSPECTIVES****THE SOVIET LEADERSHIP ON THE EVE OF THE
20th PARTY CONGRESS.****Page 1**

The emergence of Party First Secretary N.S. Khrushchev as the dominant figure in the Soviet party presidium is probably the most significant of the changes in the collective leadership in the three years since Stalin's death. Group rule continues, however, and policy is apparently still made in committee where the other leaders exercise a moderating influence on Khrushchev. Preparations for the 20th Party Congress in February have been accompanied by political maneuvering and personnel shifts at the intermediate level. [REDACTED]

25X1**THE SOVIET FOREIGN MINISTRY SINCE STALIN'S DEATH****Page 4**

The reorganization of the Soviet Ministry of Foreign Affairs and a number of shifts in foreign service personnel are the latest in a series of transfers, appointments, and administrative realignments which have taken place periodically since Stalin's death. Assignments within the Sino-Soviet bloc are now held primarily by party careerists turned diplomat, while posts outside the bloc continue in the hands of career diplomats. These changes appear to be aimed primarily at making the Foreign Ministry a more effective instrument of the Khrushchev-Bulganin diplomacy. They may, however, be related to Foreign Minister Molotov's public humbling in September, and it is possible that many of the changes within the ministry since Stalin's death have been the subject of controversy between Molotov and the party leaders. [REDACTED]

25X1**PEIPING ACCELERATING ECONOMIC PROGRAM****Page 7**

Many important upward revisions have recently been made in Communist China's First Five-Year Plan, suggesting that Peiping, as did the USSR, will complete its first plan well ahead of schedule. The plan covers the period 1953 through 1957. Plan goals for socialization of farming, industry and commerce have already been achieved, and industrial production during 1956 may approach the plan target for 1957. Important elements of the economic construction program are ahead of schedule, an achievement partly due to strong Soviet and Satellite

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technical and material support. Financing of the new course will require continued emphasis on austerity, and the program will continue to be faced by problems resulting from a severe shortage of technicians, overemphasis on quantity rather than quality, and passive resistance by peasants to joining the co-operative system. [REDACTED]

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CONFLICTS IN PAKISTAN. Page 10

The ability of Pakistan's government to make domestic decisions and to evolve a consistent foreign policy is being reduced by ideological and political conflicts which have arisen since East Pakistan received a greater voice in government six months ago. None of the warring political factions is yet strong enough to overthrow Pakistan's present leadership, but the prospect of the government's achieving stability and of continuing its wholehearted co-operation with the West seems less assured than a year ago. Top Pakistani officials are now emphasizing the advantages of neutralism, possibly to promote additional American aid and support. [REDACTED]

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THE UNREST IN SPAIN Page 12

The past few months have been marked by widespread public dissatisfaction in Spain over price rises, by increasing dissension within the Falange, and by signs of deep disillusionment with the regime on the part of university students. There are indications that Franco is disturbed over the situation and may attempt to deal with it by reshuffling his cabinet. [REDACTED]

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PART I**OF IMMEDIATE INTEREST****USSR APPLIES NEW PRESSURE
TO NORTHERN TIER STATES**

New Soviet diplomatic moves toward Turkey and Iran are aimed at convincing the states along the USSR's southern borders that their participation in the Western alliance system is not necessary because there is no Soviet threat.

The presence in the USSR in early January of several top-ranking Soviet diplomats from Near Eastern posts suggests that Moscow is carefully co-ordinating its campaign against the northern tier. The Soviet ambassadors to Iran and Turkey returned to their posts on 19-20 January after an absence of approximately two and one half months in the USSR.

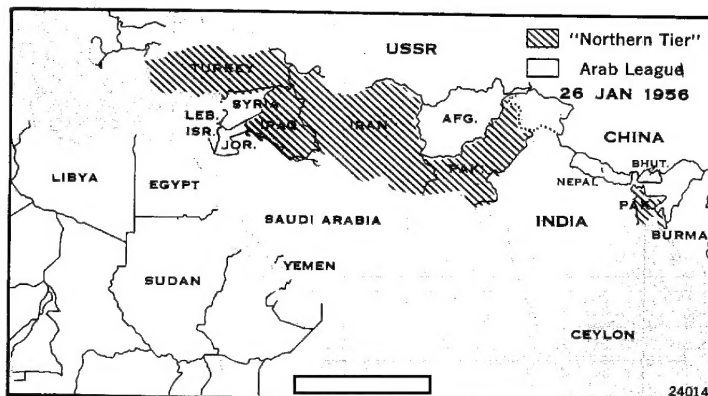
Concurrently the appointment of a new Soviet ambassador to Pakistan, Ivan F. Shpedko, was announced on 19 January. Shpedko has had considerable diplomatic experience in the area. He may bring offers with him designed to take advantage of growing sentiment in Pakistan that neutralism pays better than alignment

with the Baghdad pact and SEATO.

Soviet bloc offers of arms and economic assistance to the Arab states appear to have been a decisive factor in causing at least a temporary halt in the extension of the Baghdad pact. The success of that Soviet campaign also set the stage for a frontal diplomatic drive on the members of the pact, in which the USSR sees its best chance to date of crippling the spirit, if not the body, of the pact.

Turkey

Although Turkey has sharply rebuffed friendly Soviet overtures in the past, Moscow has persisted in its efforts to neutralize this keystone of the Western alliance system in the Middle East. Khrushchev argued forcefully with the Turkish ambassador in November for an improvement in Soviet-Turkish relations and admitted that past Soviet policy toward Turkey was "an error."

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In his Supreme Soviet speech on 29 December, Khrushchev again admitted that some part of the blame for the unfavorable state of Soviet-Turkish relations lay with the USSR.

President Voroshilov went out of his way on 10 January to outline to the new Turkish ambassador the importance of good relations between the two countries and repeated Khrushchev's remark that the blame for unfavorable Soviet-Turkish relations was not all on one side. Unlike previous encounters between Soviet leaders and the Turks, no reference was made to Turkey's role in NATO. Voroshilov urged an improvement of relations between the USSR and Turkey independent of other relationships. According to President Bayar, Voroshilov also told the ambassador that the USSR was willing to give Turkey unlimited economic aid "with no strings attached," and to help it out of its present financial straits.

Bayar said that the USSR has stepped up its campaign against the present Turkish government through the distribution of leaflets in principal Turkish cities where there are "large numbers of marginal workers" who might be influenced by Soviet propaganda. The leaflets attack the pro-Western policies of the government and call upon the people to bring about a change.

Moscow probably does not expect the Turks to respond favorably to its offers at this

time, but calculates that ultimately Soviet "bargains" in economic and financial assistance will have some effect. Turkish officials have voiced some concern lest the Soviet offers, if propagandized in Turkey, might increase the power of opposition elements.

While it is unlikely under present conditions that the Soviet offers will be given any immediate consideration, the Turkish government is exploiting them to expedite the long-awaited loan from the United States.

Iran

After a brief period of coolness following Iran's adherence to the Baghdad pact, Moscow is again pursuing a policy of aggressive cajolery aimed at encouraging Iran to reappraise its military alignment with the West.

Hard on the heels of exceptionally cordial treatment of the Iranian parliamentary delegation in Moscow, Foreign Minister Molotov on 13 January attended an Iranian embassy reception and told the Iranian ambassador that if Iran is not satisfied with the assurances of nonaggression contained in the 1927 Soviet-Iranian treaty, it could be replaced by a four-power guarantee of Iranian neutrality. According to the Iranian minister of foreign affairs, Molotov stated that the USSR would be happy to participate in such a guarantee if Iran would withdraw from the Baghdad pact.

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Iranian officials fear an increase of neutralist sentiment, unrest among the population, and indecision in the government if Moscow should propagandize such an approach. A Tehran newspaper has already stated that the idea of a new nonaggression treaty with the Soviet Union has been mentioned in Tehran political circles.

It seems likely, in view of increasing Iranian economic

difficulties partly induced by Soviet refusal to buy Iranian rice, that the USSR will soon propose revival of trade and possibly some form of economic assistance. In the unlikely event that Moscow does not soon follow through on the demarche in Moscow, the Shah's trip to Moscow tentatively scheduled for May may be the occasion for further offers.

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ARAB-ISRAELI SITUATION

Border incidents continue on the Israeli-Egyptian frontier. Israel reports it used "heavy artillery" on the frontier on 21 January in counter-attacking attacks on border patrols in the El Auja area.

Incidents on the Egyptian-Israeli frontier may be reduced if Egypt and Israel observe the new UN arrangements in the El Auja zone. These call for demarcation of the border and the withdrawal of both Egyptian and Israeli military forces from the zone. UN secretary general Hammarskjold obtained Egyptian agreement to the arrangements on 22 January. UN truce supervisor General Burns had earlier received a letter from Israel "confirming" acceptance.

The Israelis claim that the UN Security Council resolution of 19 January condemning

Israel for its attack on Syria on 11-12 December failed to consider the whole history of Syrian-Israeli relations. A long-standing thorn in these relations may be removed, however, if, as seems likely, Syria fulfills the UN request that all Israeli military prisoners be returned. The Syrian chief of staff has indicated to the American army attaché that if necessary he will do this on his own initiative.

Passage of the UN resolution has brought renewed Israeli efforts to press for arms from the Western powers--mainly the United States. It is probable that purchasing missions have already been sent to likely markets of supply. The Syrian chief of staff told the American attaché in Damascus he believes Israel has an arms purchasing mission in Prague, but there is no confirmation of this. A group of Israeli army engineers--possibly a

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purchasing mission--is to leave in early February for a three-week visit to London and probably to Continental Europe.

Traditionally moderate newspapers in Israel have recently speculated along alarmist lines concerning Israel's course if the United States refuses or delays approval of its arms request. The American embassy in Tel Aviv believes these editorials may be part of a propaganda effort to support Tel Aviv's pressure for arms. The embassy also suggests this press speculation may indicate a growing conviction that Israel may be required to adopt measures stronger than in the past. Thus far, however, there has been no indication of intent to initiate full-scale hostilities or another major border attack, although a tough

posture on the frontier will almost certainly be maintained.

The Israeli government may be forced to pay more attention to its internal political problems if the Progressive Party carries out its threat to resign from the present governing coalition over the long-debated compromise on wage increases.

The Arab states, meanwhile, also continue to be largely preoccupied with their own internal problems. Consequently, the new truce arrangements for the El Auja zone, the possibility that Syria will release Israeli military prisoners, and the apparent continuation of Israel's careful reassessment of its current internal and external position account for the relatively static conditions prevailing at present.

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**MOLLET WILL ATTEMPT
TO FORM FRENCH GOVERNMENT**

If French Socialist leader Guy Mollet succeeds in forming a Republican Front government, it will probably be with Communist backing. The Communists will then be able to claim that a popular front has actually been achieved.

Right-center leaders (Faure-Pinay) have indicated a willingness to tolerate a Republican Front government, but they still demand that the Republican Front disclaim acceptance of Communist support as a prerequisite to their support. The Popular Republican party (MRP) in particular would like to stay close to the Socialists, not only to thwart a popular front but to

protest its reputation for social liberalism.

Most parties to the right of the Socialists, including the Mendes-France Radicals, are worried not only about a popular front evolving from Communist support of a Socialist premier but also about joint Communist-Socialist efforts to abrogate the law permitting state aid to church schools. There is some speculation that to prevent such a popular front the MRP will be willing to offer Mollet its support if he will make so forthright a statement on foreign policy as to force the Communists to qualify their support.

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The Republican Front is experiencing difficulty in distributing the prospective cabinet posts within its own camp. Mendes-France is reportedly reluctant to accept the over-all direction of economic affairs including finance, and wants instead the Foreign Ministry. Mollet reportedly feels such a move might frighten the right-center, from which the Republican Front will have to get support for its foreign policy. The Socialist leader would prefer having a Radical in the economic post to reassure

conservative deputies and business interests.

The two leaders are also at odds over other appointments. Mollet is cool to Mendes-France's wish to accommodate Mitterrand of the Democratic Resistance Union and Chaban-Delmas, the Gaullist Social Republican leader.

Although the Republican Front thus faces considerable difficulty in forming a government, the need for rapid action, particularly in regard to the Algerian problem, is expected to speed up the process. 25X1

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PART II

NOTES AND COMMENTSSoviet Bloc Activity in Africa

The Soviet bloc's effort to expand its economic and diplomatic influence in Africa is continuing. There are reports of new Soviet moves in Libya, the Sudan, Morocco, Liberia, and the Belgian Congo.

LIBYA

While presenting his credentials to the king of Libya, Soviet ambassador Generalov offered to supply immediately 40,000 tons of wheat and spoke of "unlimited" economic assistance, according to Prime Minister Ben Halim. Generalov also indicated to the Chairman of the Libyan Petroleum Commission that the USSR wishes to apply for an oil concession in Libya, but this subject has apparently not been brought up officially.

Ben Halim says he will definitely limit the USSR to normal diplomatic activities, but might be "most reluctantly forced to accept" Soviet economic aid, unless he has clear evidence of support from his Western allies.

SUDAN

Sudanese premier Azhari publicly stated on 22 January that his government had sent delegations to Czechoslovakia and other Eastern and Western European countries to shop for arms. The Soviet bloc's eagerness to establish trade relations with the Sudan and Czechoslovakia's active role as arms seller to underdeveloped areas make it likely that Azhari will get very good terms from the Communists.

It is probable that Moscow has co-ordinated its moves in Libya and the Sudan very closely

with Egypt, which regards those countries as falling within its sphere of influence. The reaction of Libyan and Sudanese leaders has not been unfavorable to bloc approaches, probably because of their awareness of the increased bargaining power the offers will give them vis-
a-vis the United States.

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LIBERIA

The Soviet-Liberian negotiations pressed by A. P. Volkov at President Tubman's inauguration have so far resulted in a joint communiqué and two notes which, as interpreted by Moscow, left an impression that an exchange of ambassadors was imminent. The American embassy believes that this was the result of naiveté on the part of Liberian drafters. Tubman on 24 January declared that the legislature would not take action on the Soviet proposal during this session. The embassy believes Tubman will remain firm.

BELGIAN CONGO

V. I. Aivilov, the Soviet ambassador to Belgium, told the governor general of the Belgian Congo during his current tour there that the USSR intends to compete both peacefully and

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economic union. According to a Soviet official, the USSR does not plan to open a consulate in the Congo. It might use the services of the Czech consul in any commercial transactions. [redacted] (Con-
curred in by ORR)

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The committee reportedly will also discuss long-range planning for Soviet bloc defense production. It will probably give guidance to the Council for Economic Mutual Assistance in the co-ordination of Satellite economic plans. The Soviet journal New Times has stated that economic co-ordination of Communist countries will be "further strengthened in the nearest future." [redacted]
(Concurred in by ORR)

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18 December and has included official visits to Rumania, East Germany, Hungary and Czechoslovakia. Chu Te attended the Rumanian Second Party Congress from 23 to 27 December and delivered a major speech which was given wide coverage by the Communist press, including the Cominform journal. The group participated in the birthday celebration for East German president Wilhelm Pieck in East Berlin on 4 January and will be represented at the meeting of the Warsaw pact political committee which will convene in

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Prague on 27 January. A member of the group, Marshal Nieh Jung-chen, has been designated as Communist China's official observer at the meeting.

Official speeches and press coverage in both Hungary and Czechoslovakia stressed, without specifically referring to ties with Moscow, the significance of close economic and cultural relations with Peiping.

The receptions accorded the Chinese delegation in Budapest and Prague have been characterized by American officials as equal to and possibly greater than the receptions granted to comparable Soviet delegations.

The delegation arrived in Prague on 17 January and for the next three days was treated to a round of official speeches, tours and state receptions. The American embassy noted that the regime leadership was "so busy looking after the Chinese that when the new Soviet ambassador arrived in Prague, only second- or third-

stringers were at the airport to meet him."

The embassy also commented that a statement in a speech given by Premier Siroky might sound as if Czechoslovakia put Communist China "above the USSR in importance to the bloc." This apparent faux pas was corrected the following day, however, when President Zapotocky placed the friendship of China "next" to that of the USSR.

The attention devoted to the visiting Chinese by Prague and Budapest is in harmony with the Soviet line--introduced in February 1955--that the Communist camp is headed jointly by the USSR and Communist China. Although Soviet and Satellite leaders have used this formula in referring to the leadership of the Communist camp, the Chinese Communists continue to refer to the Communist camp as headed by the USSR alone. Thus, in his reply to Zapotocky, Chu Te stated that Czechoslovakia and Communist China are "equal brothers" in the camp of Socialism "headed by the USSR."

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Soviet Forces in Germany In Winter Training

Soviet forces in Germany are conducting a normal winter training program after completing the annual fall rotation of incoming recruits and outgoing discharges. The rotation did not affect Soviet ground strength in Germany, which remains at about 400,000.

Infantry units have apparently reached the inter-

mediate training phase--company group exercises emphasizing physical condition. A reinforced battalion conducted exercises on January, a few weeks earlier than is usual for this type of field problem.

The rotation of rocket launcher, field artillery, and antiaircraft artillery units from home stations to firing

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ranges has become extensive. Intensified artillery training may be expected this winter with the improved weapons

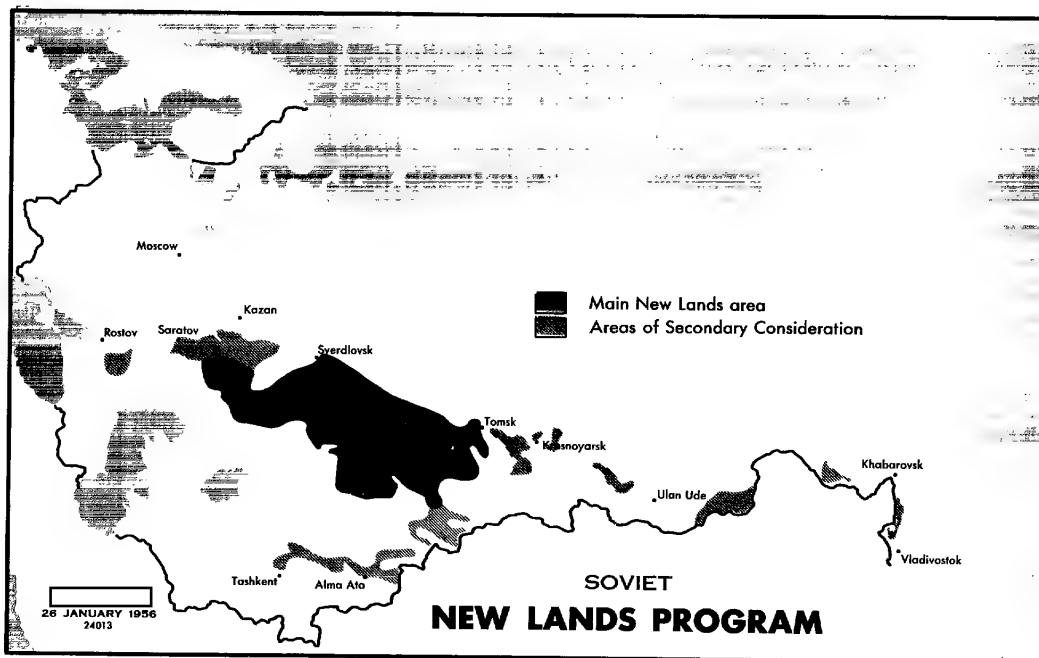
brought in as part of the program of improving field and antiaircraft capabilities of the Soviet forces in Germany.

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Khrushchev's "New Lands" Speech

Speaking on 21 January before a conference of Komsomol members engaged in the "new lands" program, Communist Party first secretary Khrushchev criticized bureaucratic mismanagement and called for greater efforts to raise the productivity of agricultural labor.

Khrushchev's criticisms of the shortcomings of the "new lands" development program do not indicate there will be major modifications of that program. Most of his criticisms were standard complaints directed at perennial deficiencies of Soviet agriculture.



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Khrushchev's "suggestion" that a part of the poor lands having a high salt content and too shallow topsoil be used for animal husbandry was an integral part of the "new lands" program as initially conceived. In newly formed state farms, such marginal lands were planned to make up not more than 25 percent of the cultivated area. In practice, however, the initial effort was devoted almost exclusively to meeting the goals for increasing the sown area, and poorer soils now constitute over half the total. Since the effort to expand the sown area is now nearly complete, Khrushchev's suggestion that more effort be put on livestock production is timely but not a major change.

Khrushchev also promised a limited additional agricultural expansion in eastern Siberia and the Far East. He described these areas in glowing terms, but his key statement was, "We shall not force the development of work on further reclamation of virgin land in eastern Siberia and the Far East." During 1954 and 1955, local reclamation projects, to be completed by 1958, were

established in areas from Irkutsk to Sakhalin, but these areas were of secondary consideration in the "new lands" program. Expansion will apparently stay within the limits set by the new Five-Year Plan, under which land may be reclaimed if great capital investment is not required and if a good stable harvest can be obtained.

Khrushchev's exhortations to raise agricultural labor productivity, especially in animal husbandry, reflects the goals of the Sixth Five-Year Plan, which calls for increases in labor productivity of 70 percent on state farms and 100 percent on collective farms. Such rates of growth have never been achieved in the past, but are now necessary because of increasing demands being placed on the labor resources of the USSR. Soviet agriculture has been notoriously extravagant in its use of labor, particularly in animal husbandry, which employs more than half the agricultural labor force, and in which productivity is believed to be still below the prewar level.
(Prepared by ORR)

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Japanese-Soviet Negotiations

The Japanese and Soviet negotiators, Matsumoto and Malik, gave no indications of willingness to make early concessions when they resumed their discussions in London on 17 January. In a barbed exchange reiterating previous positions on the prisoner-of-war issue, Matsumoto insisted that Japanese detainees be returned prior to the signing of a treaty, while Malik asserted that the

USSR, by offering to free all prisoners after conclusion of a treaty, was granting better terms than the United States gave at San Francisco.

Malik, obviously angered by the Japanese statements and confident of the strong Soviet bargaining position, reminded Matsumoto that Japan had surrendered unconditionally. He implied that Japan must cease

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introducing artificial obstacles in the negotiations and must make concessions if the talks are to succeed.

At their meeting on 24 January the negotiators, in an article-by-article discussion of the Japanese draft treaty, agreed on noncontroversial clauses and minor questions of terminology but avoided discussion on territorial and other disputed issues. A dispute did arise, however, over the Soviet demand for most-favored-nation treatment, which Matsumoto would not concede. Such treatment would undercut Japanese enforcement of the embargo on the shipment of strategic materials to the USSR.

Persistent Tokyo rumors allege that Matsumoto is secretly empowered to reach a compromise settlement with the USSR, perhaps by agreeing to the return of only one of the southern Kuril islands which Japan claims. These speculations have been discounted by top officials of the Foreign Ministry and the ruling Democratic-Liberal Party, and it appears likely that Matsumoto will receive strong popular support for firmness on Japan's territorial demands, as he has on the prisoner issue. The Japanese government is likely, however, to compromise rather than let the talks fail if ultimately faced with such a prospect.

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N. Korea, N. Vietnam, Outer Mongolia Move for Recognition

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There have been an increasing number of Sino-Soviet bloc overtures in the last month aimed at obtaining diplomatic recognition of North Korea, North Vietnam and Outer Mongolia. So far, the recognition of Outer Mongolia by India and North Vietnam by Indonesia are the only instances of recognition of these countries by non-Orbit countries.

To bolster the Soviet position supporting Outer Mongolia's candidacy for membership in the United Nations, the USSR has lately permitted Outer Mongolian officials to adopt a more independent pose in international relations. The current visit to New Delhi of Outer

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Mongolia's ambassador to India, who normally resides in Peiping, marks the first time since 1925 that the USSR has permitted an Outer Mongolian official to engage in bilateral contacts with any nation outside the Communist bloc.

Efforts apparently are being made to obtain recognition from the newly independent Sudan, whose loosely worded replies to congratulatory messages from all the Orbit countries hinted at possible recognition of Communist China, North Korea, and East Germany. The Viet Minh has indicated its readiness to exchange diplomatic representatives with the Sudan, and North Korea has

publicized a Sudanese note anticipating "the most amicable relations" between the Sudan and North Korea.

The recognition of Outer Mongolia by India may set a precedent for the recognition of that country, and possibly North Vietnam, by certain of the Afro-Asian neutrals. Efforts on behalf of North Korea are less likely to prove fruitful, however, in view of the UN denunciations of North Korea in connection with the Korean war. Where efforts to obtain recognition are unsuccessful, these countries will presumably continue to stress commercial and cultural ties, with an eye to obtaining recognition at a later date.

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Peiping Accelerates Socialization

Communist China is moving far more rapidly than scheduled in early 1955 toward complete socialization of industry, commerce and agriculture. All private enterprises reportedly have become joint state-private enterprises in major Chinese cities, including Peiping, Shanghai, Canton and Tientsin, which were the principal remaining strongholds of private capital. Co-operative farming is far ahead of original estimates for this date.

"Socialism has fundamentally replaced capitalism in China," the Peiping People's Daily concluded on 22 January. Direct state or party control appears to have been established over nearly all economic groups in China except a minority of farmers and peddlers and handicraft workers in rural areas.

The Chinese Communists have pushed socialization well

beyond the Five-Year Plan goals announced last July. Under the original plan, only half the private industrial firms were "gradually" to become joint state-private enterprises between 1952 and 1957. Similarly, only one third of the peasants were to be farming in co-operatives by 1957.

Last summer, Peiping actually scheduled an increase in private retailing between 1954 and 1957, explaining that state and co-operative commerce had overextended itself. This plan was abandoned after a speech by Mao Tse-tung in October and a party central committee directive, both of which urged acceleration of socialization in cities. In July, Mao had abandoned a cautious schedule enunciated in the Five-Year Plan by sparking a mass drive toward co-operative farming.

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There will be major problems of consolidation and administration of the new joint state-private enterprises and co-operatives, although public reaction to "socialist transformation" probably will be greater in rural areas than in cities, where indirect controls over capitalists have been strong since the early days of the regime. The Peiping press is already discussing the next move into the final stage of socialism, i.e., into collectives in the countryside and state enterprises in the city. This is apparently to be attempted during the next two or three years.

No clear reason for this important and unexpected speed-up of socialization has emerged. Mao insisted in a December

statement that the leadership had simply underestimated the pressures and capabilities for moving toward socialism and for China's economic development. Soviet advisers have probably emphasized the difficulties of state planning while there is still a sizable private sector with capitalistic interests in conflict with the state's aim to monopolize all profits.

The effects of the accelerated program will be most pronounced in the countryside, where peasants have reacted by selling off and killing farm animals. The regime's controls over the population, however, are probably sufficient to enforce the program.

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(Prepared by ORR)

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Madame Sun Yat-sen's
"Good-will" Tour

Madame Sun Yat-sen's recent visits to India and Burma, following hard on the Bulganin-Khrushchev tour of those countries, were apparently designed to keep the initiative for "peace" in Communist hands and to expand contacts with all countries receptive to Peiping's advances.

Madame Sun's trip was an anticlimax to the Bulganin-Khrushchev visit, evoking "no great enthusiasm" in India and an embarrassingly small turnout in Burma, according to officials in both countries. Unlike the Soviet leaders, Madame Sun avoided making provocative statements. Her failure to comment on Soviet support for Indian claims to Kashmir and her acceptance of Pakistan's invitation for a visit suggest that

the Chinese Communists will not allow past strong Communist



MADAME SUN YAT-SEN

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criticisms of Pakistan to interfere with their policy of courting that country and other SEATO powers.

Madame Sun repeated Chou En-lai's proposal of last year for a high-level great-power conference on Far Eastern problems and called for all Pacific powers, including the United States, to sign a "collective peace pact" to replace existing "antagonistic military blocs."

Peiping's propaganda continues to suggest that it desires a general conference only as an alternative to a high-level American-Chinese meeting, and Madame Sun's proposal was probably intended to probe Indian and Burmese receptivity to the idea of a general conference on Far East problems. Thus far, Indian and Burmese officials have not indicated their views on the proposal.

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Indonesia

The moderate Masjumi-led government coalition in Indonesia, having survived the recent withdrawal of two Moslem parties from the cabinet, is continuing its efforts to remain in office until the elected parliament is seated, probably in April. Prime Minister Harahap has announced that Dutch-Indonesian negotiations--the issue which sparked the cabinet withdrawals--will be continued.

The Masjumi's principal reason for wanting to continue in office at present is its desire to influence the selection of some 20 appointive representatives of racial minority groups to the recently elected parliament. Should these representatives vote with the Masjumi, the party would probably have a plurality in the new parliament.

The Masjumi's success in avoiding an immediate cabinet collapse as a result of the withdrawal of the Nahdlatul Ulama (NU) and the Islamic League is a minor victory, however, when weighed against the fact that the Masjumi is well on the way toward isolation

from other Moslem parties. Its chances for participation in the next cabinet have been considerably reduced. The Masjumi also faces increasing internal disunity which appears to be abetted by the NU and probably by President Sukarno.

Leaders of the NU--the only other large Moslem party--claim they want to co-operate with the Masjumi but probably cannot do so as long as Natsir retains chairmanship of that party. There are strong indications that the NU will back an effort by the Masjumi deputy chairman, Sukiman, either to take over leadership of the party or to withdraw his sizable faction.

Possibly as a move in this direction, Sukiman told the press on 24 January that he regarded the government's negotiations with the Dutch as a "national tragedy" and would prefer not to continue them.

Any change in the Masjumi leadership or organization in favor of Sukiman would probably lead to greater Masjumi accommodation to the position of the National Party, which won a

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plurality in the 1955 elections and now leads the opposition. Although an alliance between Sukiman and the NU would theoretically strengthen conservative forces in Indonesia, it

would provide little resistance to the extreme brand of nationalism increasingly evidenced by Sukarno and the National Party and supported by the Communists.

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The Bombay Riots

New Delhi intervened for the first time on 23 January to bring an end to the week-old rioting in Bombay and some other cities over India's most critical domestic political problem--the linguistic states issue. The rioting will probably die down in the near future and be followed by political negotiations.

The seriousness of the riots was indicated by, among other things, the unusual insults hurled at Prime Minister Nehru. Nonetheless, the strategy of both the Bombay government and New Delhi appears to have been to let popular passions have a relatively free hand in the hope that they would wear themselves out. New Delhi is capable of taking drastic, effective action to end such riots and has done so in the past. It apparently has been awaiting the first signs of exhaustion among Bombay rioters to step in with full force.

The Congress Party high command announced on 23 January that the government would not alter its decision at some time in the future to divide Bombay into three new states--namely, Bombay City, Maharashtra, and Gujerat. This announcement will probably be accepted as final by opponents of the move.

Moreover, the Congress Party's refusal to accept the resignation of local officials unless they simultaneously

resign from the party itself should greatly discourage this form of protest against the government's decision. Use of Indian army troops for the first time on 23 January also indicates that New Delhi is now prepared quickly to stamp out further disturbances.

Indian Communists, who have capitalized on the situation in Bombay by indulging in their standard tactics of throwing acid bombs and attacking police stations and public utilities, are probably not strong enough effectively to oppose the government's firm new actions.

Though it has been reported that Communists were directing the Bombay riots, their part has probably been exaggerated by Congress Party leaders anxious to discredit the Communists following the Bulganin-Khrushchev visit and to hide the probability that many rioters belonged to the Congress Party. The rioting on this same issue in Bombay last November was apparently inspired by Socialists and only subsequently exploited by Communists. Top Communist leaders in Bombay are now under arrest.

The most important factor likely to restore peace may be the informal announcement on 23 January by the chief ministers of West Bengal and Bihar states of their agreement to end boundary differences by seeking to merge the two states

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into a single unit. This political maneuver, if accepted by the people of the two states, would make the merged state the most populous and probably the richest one in India, would challenge Uttar Pradesh, now holding first place, and would be in strong contrast to the division of Bombay into three minor states with knotty administrative and economic prob-

lems and with little political influence.

Recognition of these facts might lead Bombay's politicians to reconsider their insistence on their state's division and to decide that they too should favor a single, enlarged Bombay state even more powerful than the present one. This was the recommendation originally made



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by the States Reorganization Commission in its report submitted last October, which was later modified by the Congress Party high command in response to provincial protests.

Nehru and his government would welcome a reunification of Bombay, since this would further decrease provincialism and increase the spirit of national unity. Nehru has personally

opposed the division of India along linguistic lines, and his government approved it in 1953 only in response to growing popular agitation. As shown by the Congress Party's recent adoption of Nehru's new proposal that India eventually be divided into only five regional groupings, Nehru is still working to counter the efforts of provincially minded divisive elements in the Indian population. [REDACTED]

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North Africa

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FRENCH MOROCCO

The death on 23 January of Hadj Thami el Glaoui, the pro-French pasha of Marrakech, does not appear to have political significance.

Istiqlal party officials continue to indicate publicly and privately their desire for governmental discussions of the American air bases constructed under a 1950 US-French agreement. The principal nationalist objective is to procure a financial settlement with which to modernize the Moroccan economy and reduce the heavy trade deficit. The Nationalists also seek the renunciation of American extra-territorial rights in Morocco as well as all special privileges

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enjoyed by foreign countries under the 13-power Algeciras Convention of 1906.

The most recent approach concerning the bases was initiated by Moroccan minister of finance Abdelkader Benjelloun in his capacity as secretary general of Shoura, the rival nationalist party. Benjelloun sought an opportunity to discuss the bases with a "qualified high American official." He admitted that his objective was American financial assistance and added that Moscow

has made both direct and indirect offers of financial aid to Morocco. He said the Egyptians have also hinted that they are willing to help Morocco financially. These claims are believed to be exaggerated.

Benjelloun's approach does not appear to have had the backing of either the Istiqlal party or of the Moroccan government. 25X1

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Cyprus

Following several days of discussions in London, Governor Harding returned to Cyprus on 25 January for talks with Archbishop Makarios which are expected to be crucial. Harding plans to tell the archbishop that the substance of London's formula for a Cyprus settlement cannot be changed, but that he will welcome further talks using the formula as a basis.

he might not live up to any agreement. They seem anxious to reach an early decision and are confident they can stamp out terrorism whether Makarios agrees to co-operate or not. 25X1

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According to the British Foreign Office, Harding will tell Makarios that London will not "be difficult" regarding a modification of objectionable language in the formula if the archbishop will agree to denounce terrorism and co-operate in establishing self-government.

Makarios' acceptance of the British formula may depend on Harding's willingness to make textual changes which Makarios can use to convince his followers that the British recognition of self-determination is genuine, and on the archbishop's own estimate of British ability to suppress unrest. 25X1

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The British apparently distrust Makarios and fear that

Monnet Marshaling Support For EURATOM Proposals

The inaugural meeting of Jean Monnet's Action Committee for a United States of Europe in Paris on 17 and 18 January made a promising initial attack on the current political obstacles facing the European

integration movement.

The 33 committee members at the meeting included such prominent figures as French Socialist Party leader Guy Mollet, the secretary general

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of the Italian Christian Democratic Party, Amintore Fanfani, and West German Socialist Party chairman Erich Ollenhauer. They agreed unanimously to a substantive program for European integration and to an outline of political strategy.

In general, the Action Committee's program is the one approved in principle by the foreign ministers of the six European Coal-Steel Community countries last June, but its political strategy is to focus for the present on EURATOM, the plan for a European atomic agency. Committee members will try to get suitable parliamentary resolutions passed at an early date in an effort to guarantee that parliamentary majorities will be available to ratify the EURATOM treaties once they have actually been negotiated. By this device, and also by attempting to influence the form and content of the treaties in the drafting stage, they hope to avert another debacle such as befell the EDC treaty.

Monnet's activities on behalf of EURATOM have, with some exceptions, apparently been favored by most of the "pro-

European" government leaders in the CSC countries. In West Germany, his apparent success in getting the opposition Social Democrats to support the project is being recognized as a unique achievement, possibly having wider implications for future West German foreign policy. According to the American embassy in Bonn, however, some government officials who have supported EURATOM only as part of a general movement toward European integration are concerned that Monnet has postponed until April any political action on the common market proposals.

In France, Monnet seems also to have gained support for EURATOM from elements of the new National Assembly which are widely separated on other issues. The Republican Front press has endorsed the atomic energy project, and an effort is reportedly being made to have the assembly take up at an early date the Monnet committee's resolution supporting it. The American embassy in Paris has commented, however, that the close association of the Socialists with the Monnet committee may be lessening the attractiveness of integration to more conservative elements.

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Antitax Movements on Poujade Model in Italy and Greece

The Poujade antitax movement's success in the French National Assembly elections of 2 January has encouraged the formation of similar organizations in Italy and Greece, and may lead to a new extreme rightist movement in West Germany. While the initiative seems in no case to have come from Poujade, reports of existing or projected contacts between him and surviving elements of the

prewar extreme right suggest that efforts may be made to foster and manipulate Poujadism in their interest.

Italy presents some of the same conditions responsible for the rise of Poujadism in France and Poujade-type movements have recently been reported in Rome, Naples, Milan, and Bologna. There is much discontent among small businessmen

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in Italy with the Segni government's "interference" in private enterprise, and evidence of this was seen in the outbursts against cabinet representatives at the Rome Convention of Small Industries last week.

Prospects for an Italian Poujadist movement will be better indicated in local elections this spring. Poujadist groups may be encouraged by the success of the movement in France to run lists, particularly in view of the growing political vacuum on the right caused by quarreling of monarchist and neo-fascist parties.

Poujade has reportedly told an Italian press correspondent that he plans to visit Italy in the spring in connection with the formation of a "middle-class international." While it is unlikely that Poujade himself has as yet formulated any long-range project for international organization of rightist middle-class elements, he would presumably welcome foreign movements of this type as strengthening prospects for his own organization in France.

In West Germany, Otto Strasser, Nazi leader who broke with Hitler in a struggle for power within the Nazi party, is reported planning a trip to France to meet Poujade soon. Strasser returned to Germany about a year ago and has since tried to establish an authoritarian-minded political following, but so far with little success. Strasser may hope that a Poujadist connection would attract other extreme right elements to his support.

A Poujadist party has already been organized in Greece and will present candidates in the elections scheduled for 19 February. If this group has an electoral success similar to that of its French prototype, the small fascist organizations which have been nursing cells in several European cities may be emboldened to seek broader support. The French group, as soon as it had demonstrated extensive popular support, reportedly began receiving substantial financial backing from well-known World War II French collaborators.

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PART III

PATTERNS AND PERSPECTIVESTHE SOVIET LEADERSHIP ON THE EVE OF THE 20th PARTY CONGRESS

The emergence of Party First Secretary N. S. Khrushchev as the dominant figure in the Soviet party presidium is probably the most significant of the many changes in the collective leadership in the three years since Stalin's death. On the eve of the 20th Party Congress, Khrushchev's pre-eminence is reflected by his ability to control personnel appointments, by the adoption and continuation of major policies associated prominently with him, and by the gradually increasing deference accorded him by lesser leaders.

Despite this show of strength, collective leadership will probably continue. The other top members of the hierarchy--Bulganin, Kaganovich, and Mikoyan--appear to work compatibly with Khrushchev, and they occupy positions of great importance in both the party and government where their experience and ability are probably felt to be essential. Therefore, while Khrushchev's pre-eminence now appears to be an accepted fact, the common interests of those at the top level may dictate that these other leaders continue to serve in capacities where they can act as a moderating influence on Khrushchev.

Khrushchev's Recent Gains

Since the demotion of Malenkov, Khrushchev has pressed steadily forward, seemingly making decisions with increasing confidence and sometimes arbitrariness, and apparently receiving little or no opposition, even to his more dubious undertakings. His daring policies, presented with great persuasion, have played no small part in his political success. His really solid gains, however, have been

made in securing the appointment of his political associates to positions which are likely to carry a slot on the party's central committee to be elected at the congress in February.

Over a third of the old central committee members have died, been purged or relegated to lower jobs. Their places on the new central committee will probably be taken by the men who have succeeded them in their party or government work. A significant number of the new appointees were closely associated with Khrushchev, either when he was party boss in the Ukraine or party first secretary in Moscow oblast. Others by their actions and speeches appear to be loyal to him and in accord with his methods and policies.

Some of the more significant appointments of Khrushchev associates from the Ukraine and Moscow are given in the table on page 2. None of these listed was on the last central committee elected in October 1952; all may be expected to be on the new central committee elected in February.

Appointments made at the July 1955 central committee plenum have been generally interpreted as a sign of Khrushchev's growing strength. They undoubtedly strengthened loyalties already existing and may have created others. A. I. Kirichenko, who along with M. A. Suslov was made a member of the party presidium, was associated with Khrushchev in the Ukraine. N. I. Belyayev, one of the new secretaries elected at the plenum, seems to have been a strong supporter of Khrushchev's agricultural policies, and D. T. Shepilov, another new secretary, seems equally a supporter of Khrushchev's methods and policies in foreign relations and a trusted emissary.

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Other Khrushchev associates and friends elected to the central committee in 1952 have received promotions. L. R. Korniyets was named minister of agricultural procurement and I. A. Serov made chairman of the Committee of State Security. Z. T. Serdyuk was promoted from oblast committee secretary to be party boss in Moldavia. It also seems likely that Khrushchev's influence figured in the promotion of General A. A. Grechko, former Kiev military district commander, to marshal's rank.

The recall of L. G. Melnikov, closely associated with Khrushchev in the Ukraine since 1938, from the Soviet embassy in Rumania to head the Ministry of Construction of Coal Industry Enterprises probably saved him from losing his central committee membership.

The most recent indication of Khrushchev's strength was noted in the dismissal of A. I. Niyazov, party boss of Uzbekistan. This action was taken on 22 December, presumably at a special plenum of the Uzbek central committee which followed immediately the two-day visit of Khrushchev and Bulganin to Uzbekistan on their return trip from South Asia.

There have been several other personnel shifts and signs of maneuvering at the intermediate level, possibly in preparation for the 20th Party Congress.

Position of the Other Leaders

As indicated above, Khrushchev does not seem to be

FORMER KHRUSHCHEV ASSOCIATES PROMOTED TO PARTY OR GOVERNMENT JOBS THAT PROBABLY CARRY A SLOT ON THE CENTRAL COMMITTEE

Deputy Chairmen, USSR Council of Ministers:
V. A. Kucherenko - also Chairman of the State Committee for Construction
P. P. Lobanov - agriculture overlord in the Council of Ministers

USSR Ministers:
I. K. Kozyulya - Urban & Rural Construction
V. V. Matskevich - Agriculture

USSR State Prosecutor:
R. A. Rudenko

Commander, Moscow Military District:
K. S. Moskalenko

Central Committee "Apparatus" Department Heads
V. M. Churayev - Party Organs for the RSFSR
N. P. Dudorov - Construction
V. P. Mylarshchikov - Agriculture for the RSFSR

Republic Party Bosses:
V. P. Mzhavanadze - Georgia

RSFSR Oblast and Krai First Secretaries:
A. P. Kirilenko - Sverdlovsk Oblast
M. M. Stakhursky - Khabarovsk Krai
A. I. Struyev - Molotov Oblast
G. V. Yenyutin - Kamensk Oblast

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facing strong opposition within the presidium.

Bulganin, whom Khrushchev nominated for the position of chairman of the Council of Ministers, seems content to play a supporting role, and a friendly atmosphere seems to exist between the two leaders.

Mikoyan appears to approve fully of the current state of affairs. He apparently took over the reins of government during the recent Khrushchev-Bulganin trip to South Asia, and there have been several indications that Khrushchev and Mikoyan are particularly close to one another.

The position of Kaganovich is less clearly defined, partly because he has been subjected to foreign scrutiny less often than some of the other leaders. In fact, however, he is one of the key economic experts for the

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regime. His speech at the revolution anniversary celebration on 6 November was a forceful advocacy of the policies of the regime.

As for Molotov, he has been relegated almost to the position of an ideological deviationist, whose future, both as foreign minister and as a member of the party presidium, would seem to be considerably less than certain. Molotov's position also suffers because there do not appear to be any other "forces" within the party hierarchy to support his "Stalinist" orientation in foreign affairs. (See Part III, p. 4)

Malenkov, of course, has been demoted to second rank in the government, and his once powerful voice in the presidium now seems to be all but silenced.

The other members of the presidium do not seem to have been included in the governing collective.

The leadership has had to cultivate other forces carefully lest they become disaffected. The army, for instance, might logically harbor dissident elements. Yet the officer corps is probably in a better position under Khrushchev and Bulganin than it was under Malenkov, both in respect to budget allocations and to prestige status. Marshal Zhukov, undoubtedly the man to contend with in the military, is prominently associated with the policies of the regime and with the activities of the top leaders. Marshal Konev, with ties to Khrushchev, may have been placed close to the center of the military scene to protect the politicians' best interests.

Weaknesses of the Leadership

Although the leadership does not appear to be seriously

divided, it displays several other weaknesses, not of a critical nature, but possible sources of trouble in the future. Control is gradually becoming centered in fewer hands at the top, and the leaders seem reluctant to let younger men fill the void within the party hierarchy left by the elimination of Beria and the downgrading of Malenkov and Molotov. Thus, while vacancies in both the presidium and secretariat were filled at the July plenum of the central committee, these accretions did not broaden the inner core of leadership.

Another possible source of weakness--impulsiveness in decision making--stems in no small part from Khrushchev's own personality. He has sponsored, and the regime has adopted, such ill-planned projects as the corn-hog venture and the new lands program. He has unnecessarily offended influential foreigners by his untimely remarks, and has caused the other leaders to monitor his conversations and censor his indiscretions in the press.

Some opposition within the collective seems probable, particularly since the leadership has permitted the members it has discredited to retain positions of importance. Signs that this opposition may have made itself felt have been suggested by such developments as the failure to replace Molotov, the unexplained announcement and subsequent denial that Malenkov had been promoted to first deputy chairman of the Council of Ministers, and the dispute between Pravda and Izvestia over newspaper coverage of the corn program. More recently, possible signs of dissidence have been noted in the postponement of the Supreme Soviet in December, and the recent delay in convening several republic party congresses.

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If, in fact, disaffected elements have gotten together, it seems likely that they would decide to act promptly, either to force a postponement in the congress, itself, or to prevent a Khrushchev "walk away" at the congress by focusing attention, ahead of time, on some dubious aspects of his leadership. Preparations for the congress are now taking place in a normal manner, however, and the recently published draft directives for the new Five-Year Plan follow closely the policies enunciated earlier in speeches by Khrushchev and Bulganin.

Conclusions

Group rule continues to prevail. The top group of

leaders has decreased in size and the "chairman" has become significantly stronger. Policy, however, apparently is still being set by committee. It is also important to note that Stalin-like adulation of Khrushchev has not set in, nor are there signs that it is about to begin. The other top members of the regime have leading roles to play and they seem satisfied with their lot and confident about the future. They seem increasingly sure of themselves and their policies. The party congress has been ordered to convene in order to endorse these policies and the leadership that has been responsible for inaugurating them.

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THE SOVIET FOREIGN MINISTRY SINCE STALIN'S DEATH

The Soviet Ministry of Foreign Affairs has recently reorganized part of its headquarters staff in Moscow and made a number of personnel shifts both in Moscow and abroad. These changes are the latest in a series of transfers, appointments and administrative realignments which have taken place periodically since Stalin's death in March 1953.

These moves seem to have been aimed primarily at making the Foreign Ministry a more effective instrument of Soviet diplomacy and only secondarily, if at all, at increasing the political reliability of the foreign service. The shifts may be related, however, to Foreign Minister Molotov's public humbling and loss of status last September. If so, it is possible that many of the changes within the ministry since Stalin's death were opposed by Molotov and that further

institutional developments and personnel shifts may take place.

Post-Stalin Developments

A drastic personnel shake-up in the ten months following Stalin's death affected almost 70 percent of the top Foreign Ministry positions. By 10 January 1956, only nine of the approximately 76 top men in the ministry remained in positions to which they had been appointed prior to Stalin's death, and many of the men assigned soon thereafter had been moved to other posts.

A new trend in personnel assignments developed. Over the past 34 months, 20 former party careerists turned diplomat were brought into the ministry and assigned to high-level posts. Two of them, successively, headed the ministry's press division; a third is, possibly, head of its personnel division; and the

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other 17 were assigned to diplomatic posts in Sino-Soviet bloc countries. At the present time the Soviet Union's top diplomatic posts in all Communist countries except East Germany are held by these ex-party careerists. Apparently Foreign Ministry training is considered less important in Satellite relations than party organizational, propaganda, and industrial experience.

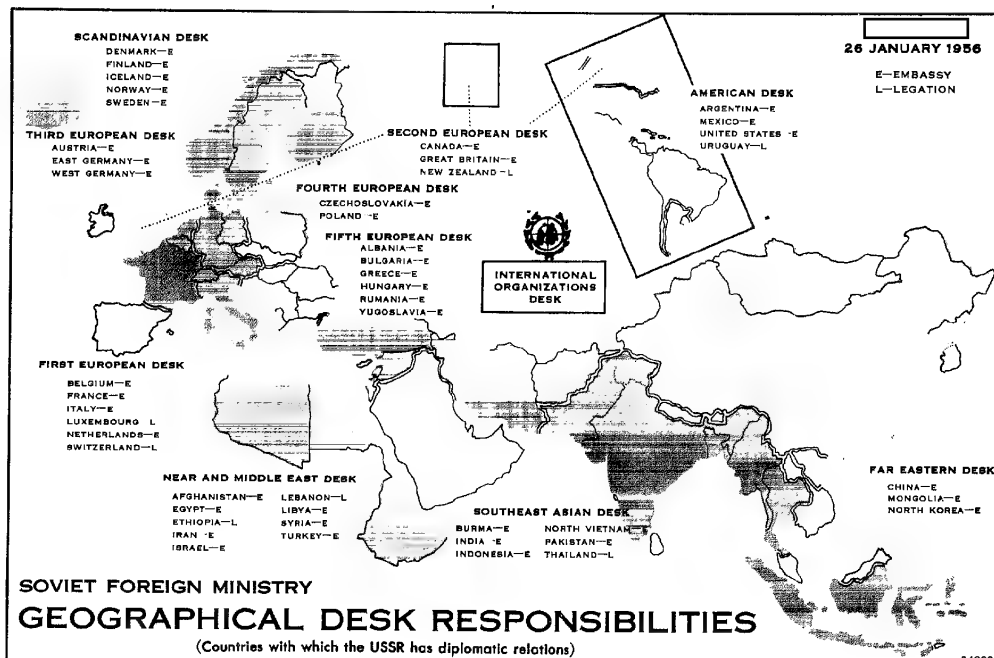
Simultaneously with the influx of party men into the ministry for work within the bloc, steps were taken to revitalize and improve the quality of diplomatic representation with non-Communist states to which only traditionally trained diplomats were assigned. Furthermore, steps were taken to increase the number and prestige of diplomatic missions maintained abroad. In March 1953 the USSR had 43 foreign missions--the UN mission, 28 embassies, and 14 legations; now it has 48--the UN mission, 40 embassies, and 7 legations.

Recent Developments

Within the past two months a sharp increase in personnel transfers and assignments has taken place and a reorganization of two of the geographic divisions of the ministry has been carried out.

More high-level changes have been effected in the ministry in the last two months than in the preceding seven. Heads of nine diplomatic missions (Ethiopia, Albania, New Zealand, Lebanon, Uruguay, Egypt, Thailand, Pakistan, and North Vietnam) were removed. All of them, except the chargé in Uruguay, and the ambassador to North Vietnam, had held their posts for two years or more. The New Zealand post has not yet been filled, but ambassadors were appointed for the first time to Libya and West Germany, where diplomatic relations were only recently established.

The new ambassadors to Czechoslovakia (post vacant



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since the transfer of N. P. Firyubin to Yugoslavia in August), Albania, and North Vietnam are former high party officials turned diplomat since Stalin's death. I. T. Grishin, the ambassador to Czechoslovakia, was party boss in the important Stalingrad oblast; L. I. Krylov, the ambassador to Albania, was formerly party boss in Orel oblast; and M. V. Zimyanin, the ambassador to North Vietnam,

was formerly the second secretary in Belorussia. These appointments continue the post-Stalin policy of assigning former party officials as ambassadors to Satellite countries.

Another post-Stalin trend furthered by recent diplomatic action is that of upgrading missions. The legations in Iceland and Syria have both been raised to embassies with the subsequent promotion of the incumbent chiefs of mission. In addition, relations with Uruguay have been regularized by the appointment of a minister. The Uruguayan post had been held by a chargé since N. V. Gorelkin was released in August 1952.

Organizational changes, too, have been recently carried out. The Third and Fourth European Divisions (geographic desks) in the ministry's Moscow offices were reorganized in late October or November. This reorganization resulted in the re-creation of the old Fifth European Division as the Scandinavian Countries Division and the old Balkan Countries Division as a new Fifth European Division. The old Fifth European and the Balkan Countries Divisions had been merged into the Third and Fourth European Divisions, respectively, shortly after Stalin's death in March 1953. The heads of the newly created divisions were both formerly deputy division heads.

Conclusions

Taken individually, the current transfers and appointments appear to be consistent with personnel policies followed within the ministry since Stalin's death and therefore appear to have only routine significance. The large number of changes in such a short period of time, however, suggest the possibility that more is involved. Some of the shifts may

USSR MINISTRY OF FOREIGN AFFAIRS
(CHRONOLOGY OF RECENT CHANGES)

- 7 October 1955
F. I. Baranenko appointed Member of the Foreign Ministry's Collegium
- 7 November 1955
5th European Desk (Balkans) created and V. F. Nikolayev appointed Acting Head
- 7 November 1955
Scandinavian Desk created and M. G. Gribanov appointed Head
- 21 November 1955
B. I. Karavayev replaced A. P. Korobochkin as Minister to Ethiopia
- 22 November 1955
S. S. Nemchina promoted from Minister to Ambassador to Syria
- 28 November 1955
V. A. Zorin appointed Ambassador to West Germany
- 6 December 1955
L. I. Krylov replaced K. D. Levychkin as Ambassador to Albania
- 10 December 1955
I. T. Grishin appointed Ambassador to Czechoslovakia
- 10 December 1955
N. I. Generalov released as Ambassador to Australia (diplomatic relations had been broken on 23 April 1954) and Minister to New Zealand and appointed Ambassador to Libya
- 16 December 1955
S. P. Kiktev replaced V. A. Belyayev as Minister to Lebanon
- 23 December 1955
S. S. Mikhalov appointed Minister to Uruguay
- 31 December 1955
Ye. D. Kislov replaced D. S. Solod as Ambassador to Egypt
- 2 January 1956
P. K. Yermoshin promoted from Minister to Ambassador to Iceland
- 4 January 1956
I. N. Yakushin replaced F. P. Dolya as Ambassador to Thailand
- 19 January 1956
I. F. Shpedko replaced A. G. Stetsenko as Ambassador to Pakistan
- 20 January 1956
M. V. Zimyanin replaced A. A. Lavrishchev as Ambassador to North Vietnam

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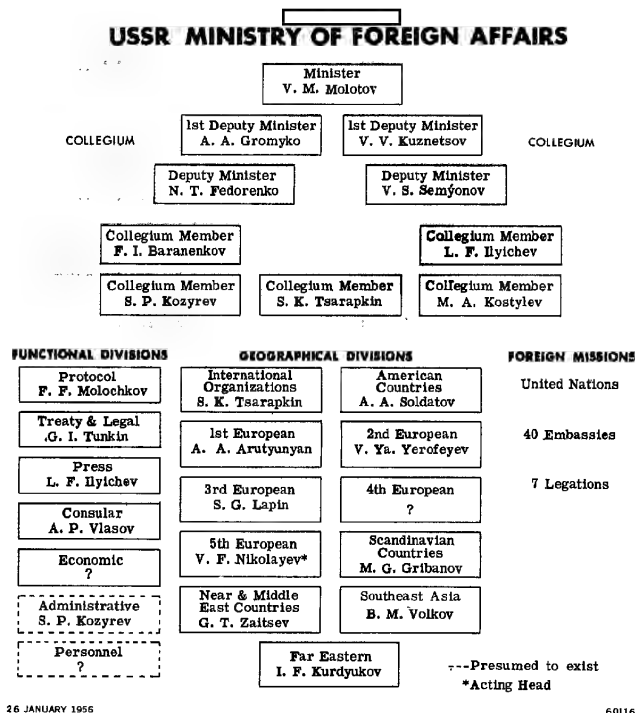
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have been the subject of controversy between Molotov and Khrushchev or Bulganin, with Molotov's humbling in September an incident in a battle over decisive action on transfers and assignments favored by the party leaders.

The key to any connection between the recent personnel shifts and Molotov's difficulties might be found in the appointment early in October 1955 of a former department head of the Communist Party central committee, F. I. Baranenko, to the Collegium of the Foreign Ministry. The collegium is chaired by Molotov and has as its members the deputy foreign ministers and a "number of other important chiefs," all appointed by the Council of Ministers. It advises the minister and its members have the right of appeal to the Council of Ministers if they disagree with any of the minister's decisions. Baranenko has a background of personnel work in the apparatus of the party's central committee and may have been transferred to the ministry to oversee personnel administration for the Khrushchev-Bulganin group.



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The continued reliance on career diplomats for posts outside the bloc, however, indicates that Khrushchev and his associates, despite their obvious impatience with diplomats and traditional diplomacy, still feel that formal missions to non-Communist countries should be headed by professional diplomats. The top Soviet leaders may be expected, however, to bypass these career diplomats in the future as in the past by means of special missions whenever they feel Soviet aims could be furthered in that way.

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PEIPING ACCELERATING ECONOMIC PROGRAM

Many important upward revisions have recently been made in Communist China's First Five-Year Plan, suggesting that Peiping, like the USSR, will complete its first plan well ahead of schedule. The final draft of the plan, covering the period 1953 through 1957, was completed only last year. Its success is dependent on continued support from the Soviet bloc, which is providing thousands of techni-

cians and essential capital equipment on a priority basis.

Mao Tse-tung set a new course for 1956 in late December when he stated that the party and the country should turn their full attention from questions of the speed of "socialist transformation"--which have now been settled--to problems of economic development--agricultural and industrial

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production, construction, commerce, and economic aspects of scientific, cultural, educational and health work. According to Mao, "rightist conservatism" about these problems is still "doing mischief" and Five-Year Plan goals "should no longer be taken completely in the manner originally planned," but, "should be appropriately expanded and accelerated."

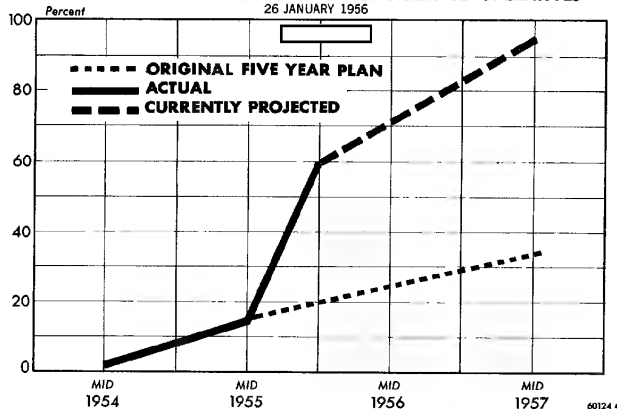
Five-Year Plan goals for the socialization of agriculture, industry and commerce have already been achieved, two years ahead of schedule.

announced that 1957 production targets will be approximated during 1956. The electric power industry presumably has similar plans in order to meet new demands.

The single most important enterprise under the Ministry of Heavy Industry--the Anshan steel combine--plans to reach 1957 production targets during 1956 with an increase over the 1955 plan of 109 percent for steel ingot and 74 percent for rolled steel products. The 1957 target is to be reached or exceeded in 1956 in the output of steam turbines, generators, lathes, diesel engines, electric motors, mining equipment, locomotives and rolling stock.

In agriculture, on the other hand, the regime has set unrealistic targets for 1956, calling for an increase in foodstuffs production of 9 percent above the 1955 harvests--which were good as a result of favorable weather--or 3 percent above the original target for 1957. Even if weather conditions are as favorable in 1956, this target would be over-optimistic. The government has only limited programs to expand acreage and fertilizer supply. The recent mass formation of co-operatives has disorganized farming, and peasants have reacted to recent policies of the regime by selling and slaughtering livestock, possibly resulting in a serious reduction of farm animals.

COMMUNIST CHINA
ACTUAL VERSUS PLANNED GROWTH OF FARM CO-OPERATIVES
26 JANUARY 1956

Production

The outlook is good for industrial production during 1956 to rise by perhaps 20 percent over 1955, approaching the Five-Year Plan target of doubling the 1952 level of output. The bumper 1955 crops provided unexpectedly large quantities of agricultural raw materials for the important textile and other industries that process agricultural products. Moreover, many new factories will begin operating during 1956.

The Ministries of Heavy Industry, First Machine Building, Petroleum, and Coal have

ed programs to expand acreage and fertilizer supply. The recent mass formation of co-operatives has disorganized farming, and peasants have reacted to recent policies of the regime by selling and slaughtering livestock, possibly resulting in a serious reduction of farm animals.

Construction

The construction program was lagging last year but will more than catch up in 1956 if Peiping achieves its announced plan to increase state investment in capital construction by 50 percent over 1955.

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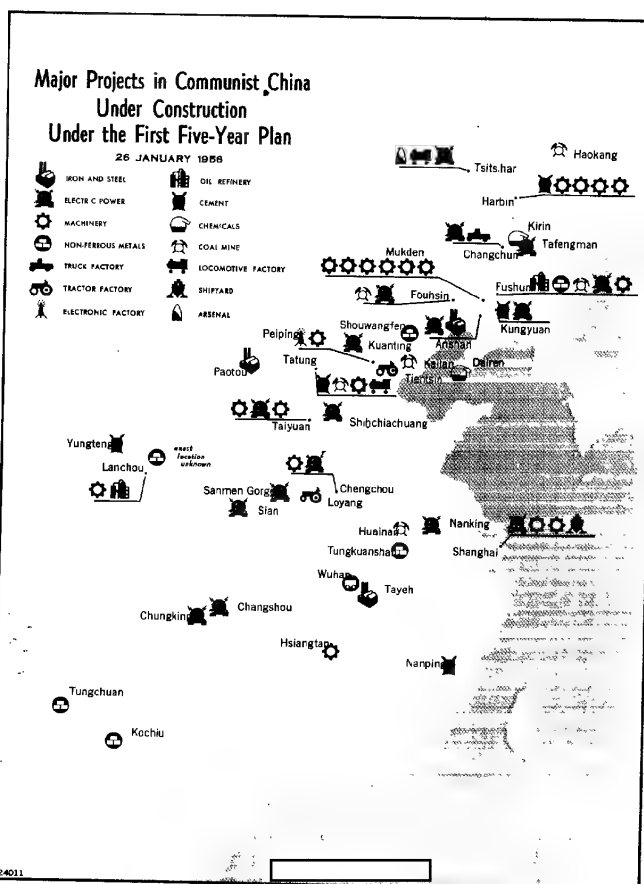
The over-all, five-year investment program of \$18 billion (at the official rate of exchange) has not been greatly enlarged but its emphasis has shifted, with further reductions of nonproductive investments like housing and major expansion of plans for basic economic activities such as transportation, the electric power industry, and geological surveys.

The plan target for 2,500 miles of new railroads is to be met during 1956, more than a year ahead of schedule, and the goal of building and restoring 14,000 miles of new highways had already been reached by the end of 1955.

Much of this construction supports an accelerated program to open up resources of Western areas of China, which have been populated mainly by nomadic minority peoples. Expansion of communications in the coastal areas opposite Formosa has also been accelerated, primarily to increase the Communists' military capabilities in that area.

The electric power industry expects to exceed its original construction plan for 1956 by 20 percent, in order to meet unexpected industrial demands for power. Close Soviet support for this revision in the construction program has been necessary because nearly all of the 2,000,000 kilowatts of generating equipment to have been added to the industry during the plan period was to have been of bloc manufacture.

Also ahead of schedule, according to Peiping, are three of its largest industrial construction projects: the Anshan steel combine, its first truck factory--at Changchun, and the first tractor factory--at Loyang. These projects are designed and built under Soviet supervision. The Anshan combine plans to complete all construction work scheduled under the original plan three to six months before the end of 1957. The vehicle factory, which under the original plan was to begin producing in 1957--eventually annual capacity to be 30,000 trucks--is now scheduled to produce its first vehicles in October of this year.



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Problems

There are some major difficulties in the way of the new aggressive course set for 1956.

A shortage of technicians has been an important restriction on industrial development. The regime has emphasized training, and has been sending relatively small numbers of technicians to the USSR, but it lacks engineers and technicians to expand production of complex industrial items at the pace required by the rest of the development program, which will become increasingly unbalanced.

Incompetent party members hold key positions in many important industrial enterprises. As in most of the period during which the USSR was industrializing, quality is sacrificed for quantity--a situation which

probably will become even more pronounced in China during 1956.

Financing the new course will require continued emphasis on harsh austerity and maintenance of the rationing controls established between 1953 and 1955.

An important motivation for accelerating the farm co-operative movement was to increase, eventually, state control over agricultural output, the source of most of Peiping's investment resources. This movement entails probable short-run setbacks, however, and a major task for the regime's rural administration during 1956 will be to consolidate and organize the mass of new co-operatives in such a way as to minimize economic losses.

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CONFLICTS IN PAKISTAN

The ability of Pakistan's government to make domestic decisions and to evolve a consistent foreign policy is being reduced by ideological and political conflicts which have arisen since East Pakistan received a greater voice in government six months ago. None of the warring political factions is yet strong enough to overthrow Pakistan's present leadership, but the prospect of the government's achieving stability and of continuing its wholehearted co-operation with the West seems less assured than a year ago. Long-inactive Communists are apparently taking advantage of the confusion and increasing both overt and covert activities.

Constitutional Issues

Governor General Mirza, Prime Minister Chaudhri Mohammad Ali, and opposition leader

Suhrawardy are apparently in general agreement on constitutional issues. They favor joint electorates--i.e., those in which no distinction is made between Moslem and Hindu voters, subordination of the executive head of state to the cabinet and assembly, and an essentially secular state with a generally Islamic background.

None of these leaders, however, has developed national support or a strong organization to enforce his views. Orthodox religious groups and West Pakistani politicians oppose joint electorates on the grounds that they will strengthen the large Hindu minority in East Pakistan. Most East Pakistanis, regardless of religion, favor joint electorates as they would make possible provincial unity and parity of strength against West Pakistan.

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East Pakistanis oppose the section of the draft constitution which gives the president of Pakistan power to dismiss the National Assembly. They demand a strong measure of provincial autonomy and are against a highly centralized government structure. The parliamentary party of the United Front, which is dominant in East Pakistan,

publicly repudiated United Front foreign minister Hamidud Huq Chaudhry's efforts to give the draft constitution party approval.

Orthodox Islamic groups, which played a major role in debate on an earlier draft constitution in 1953, still insist on legalized Moslem dominance.

Political Fragmentation

Three small splinter parties--the Ganatantri Dal, the Pakistan National Congress, and the United Progressive Party--have withdrawn from the United Front, which in coalition with the Moslem League rules the country. The departure of these splinter parties from the Front significantly reduces the government's majority in the assembly.

The opposition, too, has recently been fragmented. The Awami League, the largest opposition party, is split into several factions in both East and West Pakistan, and its national leader, Suhrawardy, seems to have lost control of the main faction to pro-Communist Maulana Bashani.

The 19 January provincial elections in West Pakistan did not seriously affect the balance of power there. They have, however, further weakened the now almost defunct Moslem League, as they were fought and won on the basis of the strength of individual politicians in their respective districts rather than on provincial or national issues.

PAKISTAN POLITICAL ALIGNMENTS**1. MOSLEM LEAGUE**

Including associates, has 35 members in the 80-man assembly; sole ruling party 1947-55; strength almost exclusively in West Pakistan; little national party control; power in hands of local political factions; present prime minister is titular leader; controls West Pakistani government.

2. UNITED FRONT

Coalition of East Pakistani splinter groups, most important of which is the Krishak Sramik led by Fazul Huq; has had about 25 seats in assembly; faction-ridden, little party discipline; controls East Pakistani government, and in coalition with Moslem League forms central government.

3. PAKISTAN NATIONAL CONGRESS

Hindu party, East Pakistan, 4 members in central assembly, has served notice of withdrawal from United Front.

4. UNITED PROGRESSIVE PARTY

Largely Hindu, East Pakistan, 3 seats in central assembly, 1 cabinet minister has served notice of withdrawal from United Front.

5. SCHEDULED CASTES FEDERATION

East Pakistan Hindu, 3 seats in central assembly, considering withdrawal from United Front.

6. GANATANTRI DAL

Communist-line East Pakistani party, 1 seat in central assembly, has withdrawn from United Front.

7. AWAMI LEAGUE

Main strength in East Pakistan, has 12 seats in central assembly, party leader H. S. Suhrawardy, official opposition in both Center and East Pakistan; faction-ridden; most important group in East Pakistan, led by Maulana Bashani, now in conflict with Suhrawardy group.

CENTRAL GOVERNMENT COALITION

UNITED FRONT

OPPOSITION

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Difficulties of Reorganization

Since top politicians from both East and West Pakistan have spent most of their time in the last few months bickering over constitutional issues, they have not organized the administration of the new "one-unit" province of West Pakistan or countered effectively conflicts within the administration of East Pakistan.

Even if accord were reached on all constitutional issues, it would be some time before government and opposition leaders could reconstruct party unity. Meanwhile, encouraged by the Communists, the irresponsible press and erratic political factions may be expected to have growing influence on national policy.

The Communists have taken advantage of the dissension to increase their influence significantly. Agitation and organization is being expanded in East Pakistan as a result of the release of political prisoners, and a campaign to infiltrate all political parties in West Pakistan has been reported. Rising press and popular opinion in favor of a foreign policy of

neutrality rather than alignment with the West has given Communists a favorable atmosphere for their endeavors.

Foreign Policy

Top Pakistani officials are now talking about the advantages of neutrality. This is probably partly an effort to obtain increased Western aid and support. It is doubtful, however, that government officials could at this time suppress growing popular feeling that neutrality pays greater dividends than friendship with the West. This feeling has been encouraged by Bulganin and Khrushchev's support of India and Afghanistan in their quarrels with Pakistan over Kashmir and Pushtoonistan.

If the Communist bloc should in the near future extend offers of large-scale economic and technical aid to Pakistan without insisting on withdrawal from the Baghdad pact, government officials might be under considerable pressure to accept them to demonstrate that development of the country is their primary aim and that they are not irrevocably committed to the West.

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THE UNREST IN SPAIN

The past few months have been marked by widespread public dissatisfaction in Spain over price rises, by increasing dissension within the Falange, and by signs of deep disillusionment with the regime on the part of university students. There are indications that Franco is disturbed over the situation and may attempt to deal with it by reshuffling his cabinet soon.

Cost-of-Living Rise

A 5-percent rise in food prices between May and October --reflecting in part a shortfall

in important agricultural products--has provoked increasingly bitter public criticism since early fall. Commerce Minister Arburua undertook an extensive public speaking campaign at that time in an attempt to allay popular anxiety over inflation, and the government has taken steps to increase supplies of agricultural commodities, mainly wheat.

The government reiterated in January its intention to carry out a series of administrative measures against "unscrupulous middlemen," and in

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the new 1956-57 budget is maintaining military expenditures at about the same level while increasing by 14 percent overall spending, mostly for economic development projects considered essential for long-run stability.

Dissension Within the Falange

For some time the Falange--the country's only legal political organization--has been in disagreement with Franco, particularly over the issue of restoring the monarchy. This issue was dramatized on 29 November. At a celebration in memory of the founder of the Falange, members of that organization's Youth Front openly jeered the monarchy. The head of the Youth Front was promptly removed from office, and the minister secretary of the Falange is reportedly to be replaced.

On 15 December Labor Minister Giron told American correspondents that the Falange was now "ungovernable" and that the bulk of its membership is "leftist" and anti-church.

University Opinion Poll

Unrest among the generation too young to remember the Civil War is another source of anxiety for the government. Last October it polled some 400 students at the University of Madrid. The results released to the American press on 3 January--but still unpublished in Spain--showed strong opposition to the regime and its policies. Both civilian officials and the military were accused of incompetence, ignorance and immorality, while the church hierarchy was charged with

neglect of the working classes. The church has since been reported in the press as initiating pressure on the government to raise wages.

Franco's Position

Franco's concern over the country's unrest was evident in his New Year's broadcast in which he spoke of the need for higher wages and made particular reference to the discontent of the "new generations." There are increasing rumors that he will attempt to deal with the situation by a cabinet shake-up. He resorted to this measure in July 1951 following a prolonged wave of strikes in Barcelona and the Basque area.

According to a report received by the American consul in Valencia on 23 December, Franco, in a conversation with his personal adviser four days earlier, characterized his ministers as "traitors" and declared that "the people are right when they say they are all a gang of thieves." He reportedly intimated he might make a change in his ministers within a month and a half--that is, in early February. Another report of an impending cabinet reshuffle was conveyed about the same time to the American embassy in Lisbon by the Spanish pretender, Don Juan, who stated that all but two of the ministers would be replaced.

According to a number of reports, any cabinet changes made will increase monarchist at the expense of Falangist representation. The ministers most frequently mentioned for replacement are those of commerce, national education and the army.

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